

# Calamos Alternatives Snapshot

July 5, 2022 (data as of June 30, 2022 unless indicated)

## WEEKLY HEADLINES

### Alts' Performance YTD Should Instill Investor Confidence: Morningstar

"The performance of alternatives this year provides an excellent example of the role they can serve in a portfolio and should give investors confidence that alternatives are able to fulfill the role they're intended to."

So reads [Morningstar's](#) recent commentary, including a table that showed how a 20% allocation across the average constituent in each category would have affected a 60/40 portfolio over 10 years (see table bottom right). All but two strategies improved the max drawdown and three improved the portfolio's risk-adjusted returns (Sharpe ratio). It's an "impressive" showing, given that the strategies "struggled for much of the 2010s."

See the full post for an explanation of the firm's grouping of alts into three buckets: modifiers (the most sensitive to broader markets, providing the least diversification benefits), diversifiers (relying much more on idiosyncratic risks and so much less sensitive, though with higher correlations during down markets), and opportunistic (absolute return-oriented often providing the most diversification, but with choppier return patterns).

### Economic Releases vs. Consensus (Previous Week)

Durable Goods Orders: 0.7% vs. 0.1%

Personal Income: 0.5% vs. 0.5%

Personal Spending: 0.2% vs. 0.4%

### Economic Releases this Week

JOLTs Job Openings (7/6)

ADP Employment (7/7)

Non-Farm Payrolls (7/8)

### MORNINGSTAR WEEKLY EST. NET FLOWS (\$MIL)<sup>1</sup>

As of 6/29/22	Last Week	2 Wks Ago	3 Wks Ago	4 Wks Ago	Weekly Streak	YTD Flows
Derivative Income	322	187	285	356	85	12,747
Systematic Trend	94	124	449	234	28	4,008
Macro Trading	43	70	73	193	11	1,417
Multistrategy	21	(102)	137	170	1	2,657
Event Driven	10	(57)	28	78	1	1,986
Options Trading	1	(99)	174	177	1	7,270
Long-Short Equity	(15)	28	42	117	(1)	1,064
Equity Mkt Neutral	(20)	85	106	182	(1)	3,462
Infrastructure	(34)	(109)	270	172	(2)	1,889
Relative Value Arb	(55)	(100)	(112)	(32)	(7)	1,304
Convertibles	(127)	74	(175)	12	(1)	(2,092)
Energy LPs	(136)	(254)	(87)	214	(3)	569
Real Estate	(526)	(650)	(15)	(446)	(4)	(4,718)
Nontraditional Bond	(622)	(1,038)	(511)	(528)	(17)	(4,151)
Commodities Broad	(779)	(237)	403	572	(2)	8,031

## BROAD INDEX PERFORMANCE<sup>1</sup>

	1 week	MTD	QTD	YTD
S&P 500	-0.24	-8.25	-16.10	-19.96
Russell 3000	-0.35	-8.37	-16.70	-21.10
Russell 2000	-0.15	-8.22	-17.20	-23.43
Russell 1000	-0.37	-8.38	-16.67	-20.94
Russell Mid Cap	-0.18	-9.98	-16.85	-21.57
MSCI EM	0.82	-6.56	-11.34	-17.47
MSCI ACWI	0.03	-8.39	-15.53	-19.97
MSCI World	-0.07	-8.63	-16.05	-20.29
MSCI EAFE	0.53	-9.26	-14.29	-19.25
ICE BofA Global 300 Convnt	-0.31	-5.75	-12.86	-18.34
ICE BofA All US Convertible	-0.71	-6.18	-15.65	-20.21
ICE BofA US High Yield	-1.28	-6.81	-9.97	-14.04
Bloomberg US Corp Bond	0.04	-2.80	-7.26	-14.39
Bloomberg US Govt/Credit	0.27	-1.58	-5.03	-11.05
Bloomberg US Agg Bond	0.43	-1.57	-4.69	-10.35
COMMODITIES <sup>2</sup>	6.30.22	5.31.22	12.31.21	6.30.21
Gold	1826	1855	1820	1787
Oil	111.4	114.4	75.5	73.5
Gasoline	4.87	4.62	3.28	3.09
Bitcoin	19,838	31,804	46,245	34,996

## MARKET PULSE<sup>1</sup>

MONTH-TO-DATE			As of	YEAR-TO-DATE		
VALUE	CORE	GROWTH	6/30/2022	VALUE	CORE	GROWTH
-8.74	-8.38	-7.92	LARGE	-12.86	-20.94	-28.07
-10.99	-9.98	-7.48	MID	-16.23	-21.57	-31.00
-9.88	-8.22	-6.19	SMALL	-17.31	-23.43	-29.45

Past performance is not indicative of future results. This material is provided for internal and educational purposes only and should not be construed as investment advice or an offer or solicitation to buy or sell securities. Source: <sup>1</sup>Morningstar (Net Flows as of previous Wed.), <sup>2</sup>St. Louis Federal Reserve (FRED Database). FOR INVESTMENT PROFESSIONAL USE ONLY.

## MORNINGSTAR ALTERNATIVE CATEGORIES<sup>1</sup>

	1 week	MTD	QTD	YTD
Energy Limited Partnership	3.16	-12.78	-8.88	9.29
Infrastructure	1.11	-6.84	-9.09	-7.79
Equity Market Neutral	0.46	-1.11	1.84	3.35
Derivative Income	0.28	-5.76	-10.61	-11.74
Event Driven	0.23	-1.75	-3.27	-3.43
Long-Short Equity	0.21	-4.64	-7.14	-9.69
Macro Trading	0.15	-1.57	-2.18	-2.21
Multistrategy	0.11	-2.46	-3.03	-4.18
Real Estate	0.09	-7.38	-15.76	-20.04
Options Trading	-0.08	-4.51	-9.39	-11.32
Nontraditional Bond	-0.26	-2.48	-4.21	-6.66
Relative Value Arbitrage	-0.28	-1.91	-4.52	-5.59
Convertibles	-0.28	-6.06	-14.47	-18.82
Systematic Trend	-0.58	0.47	5.13	16.00
Commodities Broad Basket	-2.55	-9.38	-4.39	19.40
BOND RATES <sup>2</sup>	6.30.22	5.31.22	12.31.21	6.30.21
Effective Fed Funds Rate	1.58	0.83	0.08	0.10
2-Year Treasury	2.92	2.53	0.75	0.25
10-Year Treasury	2.98	2.85	1.55	1.45
ICE BofA US Corp. AAA	3.80	3.54	2.03	1.88

## THE IMPACT OF A 20% ALLOCATION TO THE AVERAGE STRATEGY IN AN ALTS CATEGORY

Trailing 10-year portfolio effect

Alternative Allocation	Sharpe Ratio	Total Annualized Return %	Maximum Drawdown %	Standard Deviation
D-Equity Market Neutral	0.85	6.43	-19.45	6.89
D-Event Driven	0.83	6.79	-20.80	7.50
O-Systematic Trend	0.82	6.42	-18.87	7.09
60/40 (Benchmark)	0.81	7.25	-21.78	8.24
O-Macro Trading	0.81	6.64	-20.02	7.50
M-Derivative Income	0.81	7.49	-23.92	8.65
D-Multistrategy	0.79	6.57	-20.76	7.60
D-Options Trading	0.79	6.78	-21.45	7.92
M-Long-Short Equity	0.78	6.92	-22.15	8.18

Source: Morningstar Direct. Data as of May 31, 2022. Letters preceding the category name represent Diversifier, Opportunistic, Modifier.

## Definitions and Disclosures

The **Nontraditional Bond** category contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond-fund universe. **Multistrategy** portfolios offer investors exposure to two or more alternative investment strategies, as defined by Morningstar's alternative category classifications, through either a single-manager or multi-manager approach. **Macro Trading** strategies, using either systematic or discretionary methods, look for investment opportunities by studying such factors as the global economy, government policies, interest rates, inflation, and market trends. **Systematic Trend** funds primarily trade liquid global futures, options, swaps, and foreign exchange contracts, both listed and over-the-counter. **Commodities Broad-basket portfolios** can invest in a diversified basket of commodity goods including but not limited to grains, minerals, metals, livestock, cotton, oils, sugar, coffee, and cocoa. **Commodities Precious Metals** can invest in precious metals such as gold, silver, platinum, and palladium. **Energy Limited Partnership** strategies invest a significant amount of their portfolio in energy master limited partnerships, also known as MLPs. **Relative Value Arbitrage** strategies seek out pricing discrepancies between pairs or combinations of securities regardless of asset class. **Equity Market Neutral** strategies attempt to profit from long and short stock selection decisions while minimizing systematic risk created by exposure to factors such as overall equity market beta, sectors, market-cap ranges, investment styles, or countries. **Event-driven** strategies attempt to profit when security prices change in response to certain corporate actions, such as bankruptcies, mergers and acquisitions, emergence from bankruptcy, shifts in corporate strategy, and other atypical events. **Real Estate** portfolios invest primarily in real estate investment trusts of various types. REITs are companies that develop and manage real estate properties. **Convertible-bond portfolios** are designed to offer some of the capital-appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. **Options trading** strategies use a variety of options trades, including put writing, options spreads, options-based hedged equity, and collar strategies, among others. **Derivative Income** strategies primarily use an options overlay to generate income while maintaining significant exposure to equity market risk. **Long-Short Equity** funds hold sizeable stakes in both long and short positions in equities, exchange traded funds, and related derivatives. **Infrastructure equity funds** invest more than 60% of their assets in stocks of companies engaged in infrastructure activities. Industries considered to be part of the infrastructure sector include: oil & gas midstream; waste management; airports; integrated shipping; railroads; shipping & ports; trucking; engineering & construction; infrastructure operations; and the utilities sector.

The **S&P 500 Index** is considered generally representative of the US equity market. The **MSCI World Index** is considered generally representative of the market for developed market equities. The **MSCI Emerging Markets Index** is a free float adjusted market capitalization index cited as a measure of the performance of emerging market equities. The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The **Russell 3000 Index** measures the performance of 3,000 publicly held US companies based on total market capitalization, which represents approximately 98% of the investable US equity market. The **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 1000 Index** measures the performance of the large-cap segment of the US equity universe and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The **Russell Midcap Index** measures the performance of the mid-cap segment of the US equity universe and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **ICE BofA US High Yield Master II Index** tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. The **Bloomberg Capital US Aggregate Bond Index** covers the US-denominated, investment-grade, fixed-rate, taxable bond market of SEC registered securities. The **Bloomberg US Government/Credit Index** is comprised of long-term government and investment-grade corporate debt securities and is generally considered representative of the performance of the broad US bond market. The **Bloomberg US Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. The **ICE BofA Global 300 Cv Index (VG00)** is a \$US/Local-denominated unmanaged index generally indicative of the overall global convertible market. The **ICE BofA All US Convertibles Index (VXA0)** is comprised of approximately 700 issues of only convertible bonds and preferreds of all qualities. Source ICE Data Indices, LLC, used with permission. ICE permits use of the ICE BofA Indices and related data on an 'as is' basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA Indices or data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing and does not sponsor, endorse or recommend Calamos Advisors LLC or any of its products or services.

**Oil - West Texas Intermediate (WTI - Cushing):** A crude stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is traded in the domestic spot market at Cushing, Oklahoma. **Gasoline:** Weighted average based on sampling of approximately 900 retail outlets, 8:00AM Monday. The price represents self-service unless only full-service is available and includes all taxes. **Gold - Gold Fixings Price:** The Fixings are an open process at which market participants can transact business on the basis of a single quoted price. Orders can be changed throughout the proceedings as the price is moved higher and lower until such time as buyers' and sellers' orders are satisfied and the price is said to be 'fixed'. Orders executed at the fixings are conducted as principal-to-principal transactions between the client and the dealer through whom the order is placed.

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